44 करोड़ रुपये दर्शाया गया है;

(ख) यदि हां, तो क्या सरकार उक्त बैंक के तुलन-पत्र तथा वार्षिक विवरण-पत्रों की जांच किसी अन्य अभिकरण द्वारा कराने का विचार रखती है;

(ग) क्या यह सच है कि निदेशक मंडल द्वारा लेखा-परीक्षक की रिपोर्ट प्राप्त होने से पहले ही लाभ तथा हानि संबंधी विवरण स्वीकार कर लिया गया था; और

(घ) यदि हां, तो सरकार बैंक के दोषी अधिकारियों के विरुद्ध क्या कार्यवाही करने का विचार कर रही है?

वित्त मंत्रालय में राज्य मंत्री और संसदीय कार्य मंत्रालय में राज्य मंत्री (डा० अबरार अहमद): (क) से (घ) सूचना एकत्र की जा रही है तथा सभा पटल पर रख दी जाएगी।

Irregularities in Banks

964. SHRI VIREN J. SHAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Department of Banking Operation and Development (DBOD) of the Reserve Bank of India have come across large scale irregularities in discounting of bills and advances by the Indian as well as foreign banks;

(b) if so, what are the names of banks (both Indian & Foreign) in which irregularities have been detected and what are the details thereof;

(c) what are the details of guidelines issued by RBI in this regard; and

(d) what action Government/RBI have taken in each case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) RBI have come across instances of irregular discounting of bills by banks. It would not be in the public interest to disclose the names of the banks where irregularities have been observed by Reserve Bank of India (RBI). However, details of the more common irregularities are given in Statement I (*See* below).

(c) Detailed instructions were issued by RBI in this regard on 27th July, 1992 in continuation of earlier instructions. A copy of these instructions. are given in statement II (*See* below).

(d) All cases of irregularities observed by RBI during inspection are taken up with individual banks for necessary rectification, including staff accountability. The bank's comments are called for and thereafter all findings are discussed by RBI's top management with the bank officials. RBI uses every forum to impress upon the bank executives the need for thorough and proper appraisal of credit proposals.

Statement

(a) Banks have been providing bill finance to large borrowers (whose working capital requirements are met by a consortium of banks) outside the consortium without informing the lead bank and the other consortium members.

(b) With a view to providing temporary financial accommodation to certain companies, banks have been drawing bills on such constituents and they themselves are discounting such bills and availing of rediscounting facilities against such bills. At times, such bills have been guaranteed or co-accepted by another bank.

(c) Banks have provided additional finance by way of bill limits covering sales of goods to certain industrial houses outside consortium aggrangements in the result, the proceeds of bills realised have been unavailable to the banks providing production finance towards reduction of the level of outstanding credit to those borrowers.

(d) Bill finance has been provided to dealers/stockists etc., of large manufacturing companies merely on the basis of the recommendation of and guarantees provided by such companies with making a proper appraisal of the credit needs of the dealers/stockists and fixing need-based working capital credit facilities quite often. The so-called dealers/stockists do not have any significant owned funds. Although the bill limits provided to them are very substantial. They have also been found to be operating from the very same premises/addresses as the manufacturing companies, such bill finance provided to dealers/stockists etc., is not part of working capital finance provided to them by their regular bankers. In fact, the finance provided was intended for the benefit of the large manufacturers outside the working capital credit limits available to them from a consortium of bankers.

(e) Bills have been discounted and rediscounted by banks relating to transactions which are clearly not permissible under the bill discounting/rediscounting scheme such as electricity charges, customs duty, etc., charges paid by the drawer (a finance company) on behalf of the drawee (who is a large manufacturing/trading company); Hire-Purchase charges, lease rental instalment due for payment and sale of shares/debentures.

(f) Bills drawn by front companies set up by industrial groups on their holding/parent companies which are clearly in the nature of accommodation bills have been discounted/rediscounted by banks.

Statement-II

(I) No fund-based (including bills financing) or non fund based facilities like opening L/Cs providing guarantees and acceptance facilities should be provided by a bank to any of the borrower constituents outside the consortium arrangement in case of large borrower.

(II) Bills financing should be part of the working capital credit limit provided to the borrower after proper appraisal of the working capital needs based on the well established credit norms.

(III) Only bills covering purchase of raw material/inventory for production purpose and sale of goods should be discounted by banks. Bills covering payments of electricity charges, customs duty, hire purchase/lease rental instalments, sale of securities and either types of financial accommodation should not be discounted by bank.

(IV) Accommodation bills should never be discounted by the banks. The underlining trade transactions should be clearly identified and a proper record thereof maintained at the branches discounting the bills.

(V) Banks should be circumspect while discounting bills drawn by front finance companies set up by large industrial groups on other group companies.

(VI) Funds accepted by banks from their constituents for portfolio management should not be deployed for discounting bills.

(VII) Bills rediscounts should be restricted to usance bills held by other banks. The banks should not rediscount the bills earlier discounted by non-bank financial companies.

(VIII) Banks lending to Finance Companies including bills discounting should be part of the overall working capital credit sanctioned to such companies after proper appraisal of their genuine working capital needs. In any case the overall limit should not exceed three times the net worth of the company. Following from item (VII) above banks should not provide any rediscount facilities in Finance Companies with immediate effect and to this extent RBI circular DBOD No. FSC.BC.71/C. 469-91/92 EI dated 22nd January, 1992 will stand modified.

(IX) Banks should seek rediscounting facilities only to the extent of eligible usance bills held by them as prescribed in RBI Circular DBOD. No.DIR.BC.23/C. 6-88 dated 5th September, 1988, proper record of rediscounts obtained and usance eligible bills held as cover thereagainst should be maintained by banks. Any

excess rediscounts obtained by any bank either due to inadequate cover or by obtaining rediscounting facilities against ineligible bills will be treated as borrowing and the banks will be required to maintain CRR/SLR on such borrowings.

Customs Duty Recovery from M/S PJ. Pipes and Vessels Limited

965. SHRI VIREN J. SHAH: Will the Minister of FINANCE be pleased to refer the answer to Unstarred Question 1222 given in the Rajya Sabha on 21st July, 1992 and state:

(a) how much amount has so far been recovered by the Department of Revenue from M/s. P. J. Pipes and Vessels (P) Limited out of the balance amount of Customs Duty of Rs. 5,83, 95,049- fine of Rs. 10 lakhs and penalties of Rs. 16 lakhs—

(b) on which date the amount was paid by the said firm;

(c) if no payment has so far been made what are the reasons therefor;

(d) what is the amount of interest accrued on each of these payments; and

(e) what is the present position and value of the confiscated goods and how Government propose to dispose of these confiscated goods?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) No further amount has been recovered by Department of Revenue from M/s. P. J. Pipes and Vessels (P) Limited out of the balance amount of Customs Duty of Rs. 5,83,95,049-fine of Rs. 10 lakhs and penalty of Rs. 25 lakhs imposed on M/s. P. J. Pipes and Vessels (P) Limited.

(b) Does not arise in view of (a) above.

(c) Payment have not been made by M/s. P. J. Pipes and Vessels (P) Limited because their stay application is pending disposal in Customs Excise & Gold (Control) Appellate Tribunal.

(d) There is no provision under Customs Act 1962 to charge interest in such cases. Hence the same cannot be quantified.

(e) Goods are laying in safe custody and the value of confiscated good is Rs. 1,40,40,086/-. Disposal of the goods shall be considered as soon as stay application of the party is decided by Customs Excise & Gold (control) Appellate Tribunal.

Judgement of CEGAT

966. DR. MURLI MANOHAR JOSHI:
SHRI TRILOKI NATH CHATURVEDI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have studied the recent Supreme Court Judgement on the working of the Central Excise and Gold (Control) Appelliate Tribunal; if so, what are the salient features of the judgement; and

(b) what steps are proposed to be taken by Government to tone up the working of the CEGAT?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes Sir. The salient features of the judgement which require action on the part of this Department are as follows:

(i) Setting up of a Committee for looking into the allegations of malfunctioning of CEGAT;

(ii) Amendment of rules for appointment of President of the Tribunal.

(b) A high level team has already been set up to look into the functioning of CEGAT. It is likely to give its report within a period of 3-4 months. The process for amendment of rules relating to appointment of President has been initiated.